THE CIRCUIT BREAKER HOMESTEAD TAX DEFERMENT PROGRAM

Q: What is the Circuit Breaker Homestead Tax Deferment Program?
A:The Circuit Breaker Tax Deferment program limits the amount of taxes qualified North Carolinians, who are age 65 and over or totally and permanently disabled, must pay on their permanent residence (homestead). Taxes are limited to a percentage of their income. **Taxes above that percentage are deferred until there is a disqualifying event that triggers the repayment of the deferred taxes.**

Tax Limitations for 2009

Income =	$0 to $25,600*	Taxes are limited to 4% of annual income.
Income =	$25,601 to $38,400	Taxes are limited to 5% of annual income.
Income =	Over $38,400	Does not qualify.

***Homeowners with incomes of $25,600 & less; that are over age 65 or are totally and permanently disabled should consider the ELDERLY OR DISABLED HOMESTEAD EXCLUSION. The exclusion may provide more tax relief than the Circuit Breaker Tax Deferment Program. Homeowner's cannot be granted both types of property relief.**

Q: What are the qualifications for the Circuit Breaker Tax Deferment Program?
A: You may be qualified for the Circuit Breaker Homestead Tax Deferment Program if:

YOU ARE a Lee County Resident at least 65 years of age on January 1st of the tax year in which you wish to claim the exemption; AND

YOU AND YOUR SPOUSE'S income did not exceed $38,400 for the year prior to which an application is made; AND

YOU HAVE owned and occupied you current permanent legal residence for 5 or more years;

OR

YOU ARE certified totally and permanently disabled by a licensed physician or governmental agency; AND

YOU AND YOUR SPOUSE'S income did not exceed $38,400 for the year prior to which an application is made; AND

YOU HAVE owned and occupied you current permanent legal residence for 5 or more years;

If the property is owned by MULTIBLE OWNERS (other than husband and wife) every owner must meet the qualifications above.

Q: How are deferred taxes calculated and are they lien on my property?
A. Deferred taxes are the amount of taxes on one's Homestead/Permanent Residence over and above the limitation (either 4% or 5% of one's income) granted by the program. Unlike some other tax relief programs, deferred taxes are a lien on the property. The Tax Department keeps a record of the deferred taxes until a disqualifying event triggers the repayment of the deferred taxes.

Q: What would trigger the repayment of the deferred taxes?
A. A disqualifying event would be:

Death of the owner.
Transfer of the property.
Owner ceases to use the property as a permanent residence.

Q: What happens if I apply and qualify for the Circuit Breaker Deferred Tax Program for one or more years and in the future I no longer qualify or I fail to submit the required annual application?
A. Until a disqualification event occurs, the deferred taxes will not become due. Since incomes can vary from year to year it is possible that you may qualify one year, but not the next, and then re-qualify in a subsequent year.
Q: Does "ALL" deferred taxes have to be repaid?
A. The last three years of deferred taxes prior to a disqualifying event and any deferred taxes for the year of and subsequent to the disqualifying event must be repaid.
Q: Does "INTEREST" also have to be paid on deferred taxes when they become due?
A. Yes, Interest does have to be repaid on deferred taxes. The amount if interest is calculated from the date the taxes would have originally become due.
Q: What is considered "INCOME" and how much can I make and still qualify for the circuit Breaker Tax Deferment Program?
A. Income is defined as all other moneys received from every source other than gifts or inheritances from family members. Income does include money received from social security, disability, retirement and rental income. For the year 2009, the income limit is $38,400. This threshold is adjusted annually for cost-of-living.
Q: What is considered part of my Homestead / Permanent Residence?
A. It includes your dwelling, the dwelling site (not to exceed 1 acre), and related improvements such as a garage, carport or storage building. The dwelling may be a single family residence, a unit in a multi-family complex, or a manufactured home. The tax on additional land and buildings, not part of the homestead/permanent residence, is not subject to any limitation.
Q: Do I have to apply in person?
A. For this exemption, the qualifying homeowner may submit an application by mail, fax, or in person at the Tax Department. Since this program is based in your annual income you must file a new application each year.
Q: How can I show that I am 100% totally and permanently disabled?
A. You must furnish a certification that you are totally and permanently disabled from either a licensed physician (Physician Certification of Disability) or from a government agency such as the Social Security Administration. The agency must have the proper authority to determine qualifications for disability benefits. If you or your spouse is over 65 years old, you do not need to submit a certification of disability.
Q: How do I provide proof of income?
If you are required to file a Federal Income Tax return you must provide a copy of the first page of the return. For non income tax filers, other proof of income is required. (See Application for details) Proof of income must reflect income for the year immediately preceding the tax year for which an application is made. (For example, if an application is submitted for 2009, income for 2008 must be reported.)
Q: When is the deadline to file an application?
A. Applications are timely filed if received by June 1st of the year for which the exemption is applied.
Q: Do I need to reapply annually?
A. Yes. An annual application is required.